



Asset-Based Financing for Smallholder Farmers Project

What is the Asset-Based Financing for Smallholder Farmers Project?

The Asset-Based Financing for Smallholder Farmers Project will help 110,000 smallholder farmers in 13 counties (listed below) of Kenya double their farm income per planted acre. More than 70% of Kenyans depend on agriculture for their livelihood. The majority of these farmers are women smallholders, yet for a variety of reasons, they are not as productive as they could be. Kenya is one of twenty partners in the U.S. government's support for Global Hunger and food security known as 'Feed the Future', which seeks to address the root causes of hunger, malnutrition and poverty and create conditions where food assistance is no longer necessary.



Photo: One Acre Fund

A farmer group in Webuye plants using techniques taught by project field officers. Smallholders make up the majority of farmers in Kenya, and improving their productivity is critical to increasing food security for the country

Project Duration and Budget

May 2012 – May 2015

\$3.5 million

Who implements the Asset-Based Financing for Smallholder Farmers project?

One Acre Fund

<http://www.oneacrefund.org>

Where does the Asset-Based Financing for Smallholder Farmers project work?

The project is headquartered in Bungoma and works in 13 counties in the Western region: Bungoma, Kakamega, Busia, Vihiga, Nandi, Trans Nzoia, Uasin Gishu, Homa Bay, Kisii, Migori, Kisumu, Nyamira, and Siaya.

What does the Asset-Based Financing for Smallholder Farmers project do?

The project takes a holistic view of the challenges faced by smallholder farmers in Kenya and offers practical, scalable and sustainable solutions to increase food security in the long term. The project is working to integrate smallholder farmers into the maize, sorghum, and millet value chains in the following four ways:

Farm inputs: Farmers receive quality seeds and fertilizer on loan. These locally-sourced seed and fertilizer are delivered within two kilometers of where the farmers live. The farmers grow primarily staple food crops, such as maize, millet, sorghum, and kale.

Finance: Farmers receive their inputs as an in-kind loan, with a flexible repayment structure tailored to their income levels.

Training: Local field officers provide extensive training to farmers in the fields where they live and work.

Market Facilitation: Field officers train farmers on household storage practices, to minimize post-harvest crop loss. This allows farmers to access the market several months after harvest, when prices are high.

Asset-Based Financing for Smallholder Farmers project builds on the progress that previous USAID investments have made in upgrading the maize value chain in Kenya, while expanding into the sorghum, millet, orange-flesh sweet potato, cassava, and kale value chains.

How is the Asset-Based Financing for Smallholder Farmers project making a difference?

The results after the first year of implementation are:

- 13,602 new and continuing hectares of maize under improved technology.
- 60,000 small holder farmers in the Western region receiving input loans in the form of improved seeds and fertilizers, along with crop insurance, and chlorine solution for treatment of drinking water.
- Ninety percent of farmers in the project applied new technology on their farm.
- A gross margin of \$692 per hectare of maize was earned by participating smallholder farmers.

- Sixty-one percent of farmers in the project reported that they experienced a mild or no hunger season due to project intervention on improved storage practices.

What key challenges does the Asset-Based Financing for Smallholder Farmers project face?

Even in the high-rainfall areas of Western Kenya, smallholder farmers are under-producing. Farmers find it difficult and expensive to access improved seed and fertilizer, and when they do, they are not sure how to use these inputs most effectively. They lack ready access to markets, and don't store their harvests correctly. Increasing yields among smallholder farmers in the high and reliable rainfall areas of Kenya presents a tremendous opportunity to increase household incomes, decrease rural poverty, and increase national food security.

Asset-Based Financing for Smallholder Farmers in Action



Cecilia has been able to eliminate the "hunger season" for her family.

Cecilia is a young mother of two, and she has big dreams for the future. Before joining One Acre Fund, Cecilia struggled to provide for her family. The hardest time of the year was the "hunger season," when the local cost of food would increase, and she could not afford to feed her two daughters.

In her first harvest season with One Acre Fund, Cecilia tripled her harvest – yielding nine bags of maize on ½ acre of land. With her new income, she rented an additional ½ acre of land for planting sugarcane.

In her second harvest, Cecilia invested her new profits into opening a small shop at the nearby market. Her husband manages the store, which brings in a stable source of monthly income. In addition, she placed half of

her harvest in storage. She plans to sell a portion in the off-season, when she can get twice the selling price than if she sold directly after harvest.

Cecilia's next goal is to build a three-bedroom home with a tin roof, and after that, she plans to purchase more land for farming. Cecilia has transformed life for her family through farming. "I have a vision of a new house, and a new life," she says. "I now feel very powerful."

For more information:

www.oneacrefund.org

Ravi Nayak, Deputy Project Director/Grants Administrator

One Acre Fund

Tel: +254-708-259-248

Email: ravi.nayak@oneacrefund.org

Harrigan Mukhongo, AOR

USAID/Kenya

Agriculture, Business and Environment Office

Tel: +254 20 862 2245

Email: hmukhongo@usaid.gov

Updated August 2013

